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SUBJECT: THE ISTADRUT AND THE ELECTION CAMPAIGN

SUMMARY: WITH THE HISTADRUT MEMBERSHIP COVERING TWO THIRDS OF THE ISRAELI ELECTORATE, WITH A LABOR ALIGNMENT MAJORITY CONTROLLING HISTADRUT, AND WITH HISTADRUT OFFICIALS ELECTED AND/OR APPOINTED ON THE BASIS OF PARTY AFFILIATION, ITS ROLE AS A FORCE IN THE LABOR PARTY AND IN THE CURRENT KNESSET ELECTION CAMPAIGN IS BOUND TO BE A KEY FACTOR IN THE ELECTION CAMPAIGN. END SUMMARY

1. THE HISTADRUT ITSELF FACES ELECTIONS ON JUNE 21,
AS WELL AS SIGNIFICANT PERSONNEL AND STRUCTURAL CHANGES.
THESE, IN TURN, WILL BE AFFECTED BY THE LABOR
PARTY'S CHANGE IN LEADERSHIP FROMRABIN TO PERES AND
BY THE OUTCOME OF THE KNESSET ELECTION ON MAY 17. THE
RESULTS OF THE TWO ELECTORAL CAMPAIGNS, THE ANTICIPATED
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PERSONNEL CHANGES BOTH IN THE GOVERNMENT AND THE HISTADRUT AND PRESSURS FOR REFORMS IN THE POLITICAL PARTIES AND THE HISTADRUT WILL HAVE LONG RANGE IMPACTS ON SOCIAL AND ECONOMIC POLICY.

2. ALMOST CERTAINLY THE HISTADRUT WILL FACE A GOVERN-MENT AND KNESSET SOMEWHAT LESS INFLUENCED BY HISTADRUT INSISTENCE ON PRESERVING INCOME AND SOCIAL WELFARE BENEFITS AT ALL COST. THERE MAY ALSO BE A GREATER TENDENCY TOWARD STRENGTHENING THE GOVERNMENT WITH LEGISLATION FOR CURBING STRIKES AND LABOR UNREST IN THE CIVIL ANDOTHER VITAL SERVICES. THE NEW GOVERNMENT MAY ALSO WANT TO TAKE ANOTHER LOOK AT THE HISTADRUT'S ROLE IN HEALTH INSURANCE AND PENSION FUNDS, WHICH REQUIRE SUBSTANTIAL GOVERNMENT SUBSIDIES.

3. PRESENTLY THE HISTADRUT LEADERS ARE PRIMARILY PREOCCUPIED WITH THE REALIGNMENT OF FORCES WITHIN THE LABOR PARTY FOLLOWING RABIN'S YIELDING THE PARTY LEADERSHIP TO DEFENSE MINISTER PERES, AND THE ALIGN-MENT'S PROSPECTS FOR THE MAY 17 KNESSET ELECTIONS. ONLY AFTERWARD WILL THE HISTADRUT AND ALIGNMENT LEADERS TURN THEIR FULL ATTENTION TO THE HISTADRUT ELECTIONS. NEXT TO CABINET, KNESSET, AND A FEW KEY PARTY POSITIONS, HISTADRUT ELECTIVE POSTS ARE CONSIDERED MOST IMPORTANT AS CENTERS OF POWER AND PATRONAGE, THUS ALL PARTIES, AND NOT ONLY THE ALIGNMENT, WILL SHOW AN INCREASING INTEREST IN THE HISTADRUT CAMPAIGN AS A MEANS OF PLACING THEIR CANDIDATES--ESPECIALLY THOSE WHO MAY NOT HAVE MADE IT ON THE KNESSET LIST--IN KEY POSITIONS. THE HISTADRUT, LIKE THEJEWISH AGENCY, WILL ALSO HAVE TO ABSORB A NUMBER OF HGH GOVERNMENT OFFICIALS LIKELY TO BE DISPLACED AS A RESULT OF ANTICIPATED CABINET CHANGES.

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4. THE HISTADRUT HAD BEEN SHARPLY DIVIDED BY
THE RABIN-PERES STRUGGLE FOR LEADERSHIP.
SECRETARY GENERAL YERUHAM MESHEL HAD
BEEN A STRONG SUPPORTER OF RABIN, AND HISTADRUT
SUPPORT FOR RABIN WAS EVIDENTLY ONE IMPORTANT FACTOR
IN RABIN'S NARROW VICTORY AT THE PARTY CONVENTION.
HOWEVER, IN THE COURSE OF THIS STRUGGLE A NUMBER
OF KEY MEMBERS OF THE HISTADRUT EXECUTIVE BUREAU,
SUCH AS SHMUEL BA'AT, THE HEAD OF THE YOUTH AND
SPORTS DEPARTMENT, AND TAMAR ESHEL, THE HEAD OF THE
WOMEN'S ORGANIZATION, SHIFTED TO PERES, AS DID SEVERAL
HEADS OF IMPORTANT LABOR COUNCILS, MOST NOTABLY DOV
BEN MEIR OF THE TEL AVIV BRANCH.

5. FOLLOWING RABIN'S WITHDRAWAL FROM THE PARTY LEADERSHIP, MESHEL AND OTHER LOYAL RABIN FOLLOWERS DISPLAYED CONSIDERABLE NERVOUSNESS REGARDING PERES' INTENTIONS. MESHEL REPORTEDLY WAS CONCERNED THAT HIS SPECIAL RELATIONS WITH RABIN (THROUGH AMOS EIRAN,

THE DIRECTOR GENERAL OF THE PRIME MINISTER'S OFFICE), WERE NOW COMING TO AN END. HOWEVER, MESHEL'S POSITION NOW APPEARS TO HAVE BEEN CLARIFIED AND HE HAS BEEN GIVEN A PLACE ON THE ELECTORAL LIST WHICH WILL ENSURE HIM A KNESSET SEAT, DESPITE A LABOR PARTY RESOLUTION THAT PARTY MEMBERS SHOULD NOT HOLD TWO ELECTIVE OFFICES SIMULTANEOUSLY. PERES' CONCERN FOR MAINTAINING THE ALIGNMENT WITH MAPAM AND MESHEL'S ROLE IN PERSUADING THE MAPAM TO STAY IN THE ALIGNMENT (MAPAM'S ROLE IN THE HISTADRUT ALIGNMENT IS STRONGER THAN AT THE KNESSET AND CABINET LEVEL) REPORTEDLY WERE MAJOR FACTORS IN THIS DECISION.

6. PERES' INFLUENCE IN THE HISTADRUT IS LIKELY TO BE STRENGTHENED THROUGH GIDEON BEN ISRAEL, AN EXRAFI MEMBER OF THE HISTADRUT EXECUTIVE BUREAU WHO REPRESENTS THE PROFESSIONAL AND ACADEMIC WORKERS. LIMITED OFFICIAL USE

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HE IS NOW THE STRONGEST CANDIATE TO SUCEED URIEL ABRAMOVITZ AS NEXT HEAD OF THE TRADE UNION DEPARTMENT AND AS SUCH IS SLATED TO BECOME THE HISTADRUT'S CHIEF NEGOTIATOR AND TROUBLE SHOOTER. THANKS TO PERES' PATRONAGE, THE POSITION OF THE NORTH AFRICAN COMMUNITY IN THE HISTADRUT WILL ALSO BE INCREASED AS A RESULT OF PLACING SHAUL BEN SIMHON, PRESIDENT OF THE CONGRESS OF NORTH AFRICAN JEWS AND MEMBER OF THE HISTADRUT EXECUTIVE BUREAU AND A KNOWN PERES SUPPORTER, IN A SAFE POSITION ON THE KNESSET LIST. TAMAR ESHEL, ANOTHER BUREAU MEMBER, HAS ALSO BEEN GIVEN A SAFE PLACE ON THE PARTY KNESSET LIST. MESHEL REPORTEDLY ALSO HAS AGREED TO PLACE FOR THE FIRST TIME AN ARAB, NOAF MASSALHA, WHO IS A PRO-PERES MAN, IN THE EXECUTIVE BUREAU.

7. REGARDING HISTADRUT'S OWN ELECTION PROSPECTS, THE ALIGNMENT WILL PROBABLY SUFFER SOME DECLINE, AS EXPECTED ALSO IN THE KNESSET ELECTION, BUT MAY NEVERTHELESS MAINTAIN A SMALL MAJORITY. MESHEL DOES NOT HAVE A SERIOUS CHALLENGER AS SECREATRY GENERAL. HOWEVER, THE LIKUD IS EXPECTED TO MAKE SOME GAINS AND MAY GET BETWEEN 25-30 PERCENT OF THE VOTES (22PERCENT NOW). DMC IS BOUT TO LAUNCH A DETERMINED CAMPAIGN IN THE HISTARUT AND MAY GET 10-15 PERCENT OF THE VOTES. ANOTHER CHALLENGE MAY COME FROM THE ARAB MEMBERS, MANY OF WHOM ARE EXPECTED TO VOTE FOR RAKAH, WITH SEVERAL LABOR COUNCILS IN ARAB COMMUNITIES, INCLUDING NAZARETH, LIKELY TO COME UNDER RAKAH CONTROL. THIS, AT BEST, THE ALIGNMENT MAJORITYWILL BE SLIM. IF IT FAILS TO GET HALF THE VOTES, THE HISTADRUT

LEADERSHIP WOULD THEN FOR THE FIRST TIME IN ITS
HISTORY HAVE TO ESTABLISH A COALITION WITH A NONSOCIALIST GROUP IN TH EXECUTIVE BUREAU. THIS
WOULD ALSO MEAN APPORTINING POSITIONS ON A
POLITICAL BASIS IN THE BUSINESS AND ECONOMIC ORA
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GANIZATIONS LINKED TO THE HISTDRUT.

8.COMMENT: WHATEVER THE NEW GOVERNMENT COALITION EMERGING FRM THE KNESSET ELECTIONS.ONE OF ITS FIRST TASKS WILLBE TO DEAL WITH THE PROBLEMS OF STRIKES AND LABOR UNREST. THUS, THE HISTADRUT IS BOUND INCREASINGLY TO FIND ITSELF IN A CONFLICT SITUATION WITH THE GOVERNMENT AND THE KNESSET. SECRETARY GENERAL MESHEL, ALTHOUGH ASSURED OF A KNESSET SEAT, IS ALSO LIKELY TO FIND HIS PERSONAL STANDING WITH PERES, THE NEW GOVERNMENT, AND THE LABOR PARTY WEAKENED. MOROVER, INDIVIDUAL UNIONS, FACED WITH THE PROSPECTS OF TIGHTER BUDGETS, UNEM-PLOYMENT, AND INFLATION, ARE LKELY TO TEST THE DETRMINATION OF THE NEW GOVERNMENT AND THE NEW HISTADURT LEADERSHIP. THERE IS THEREFORE A POSSIBILITY OF RENEWED LABOR PROBLEMS DURING THE LAST QUARTER OF 1977 AND EARLY 1978, UNTIL NEW POWER RELATIONS BECOME CLARIFIED. DUNNIGAN

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